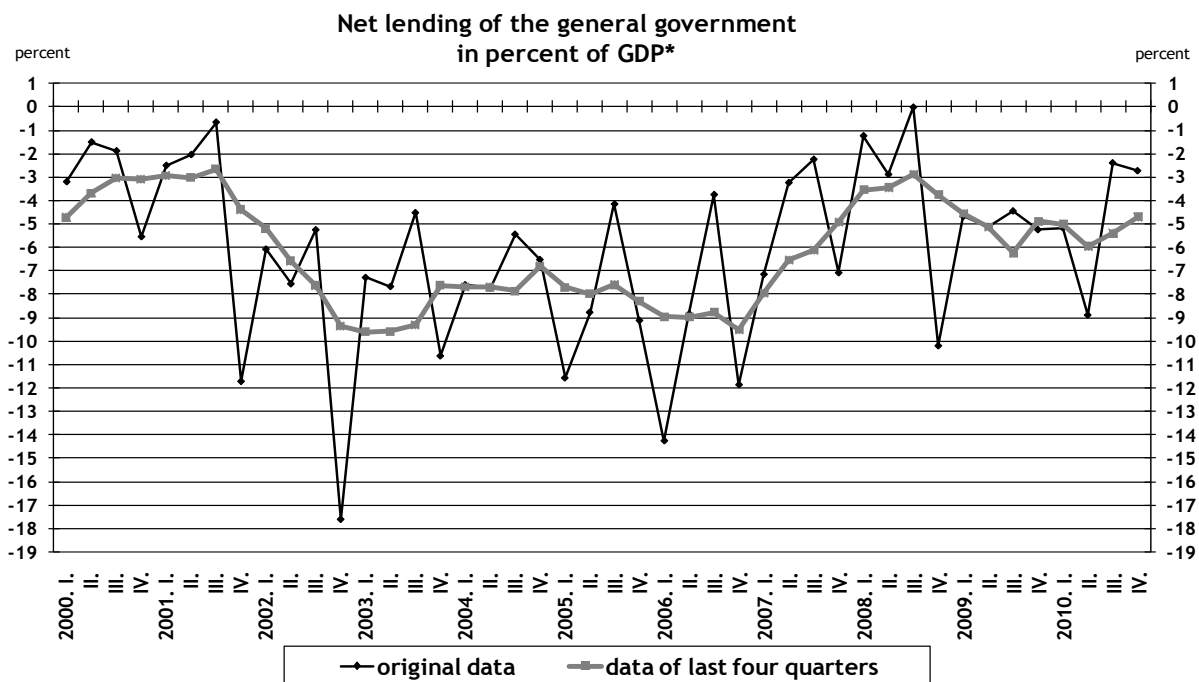


INFORMATION RELEASE

Preliminary financial accounts for general government and households: 2010 Q4

Budapest, 16 February 2011 - According to preliminary financial accounts data, general government net borrowing was equal to 4.7 per cent of Hungary's GDP in the four quarters to 2010 Q4. General government consolidated gross debt at nominal value amounted to 80.1 per cent of GDP at the end of 2010 Q4.

Net lending of households (i.e. their net financial saving) was equivalent to 4.5 per cent of GDP in the year to 2010 Q4, according to preliminary financial accounts data.



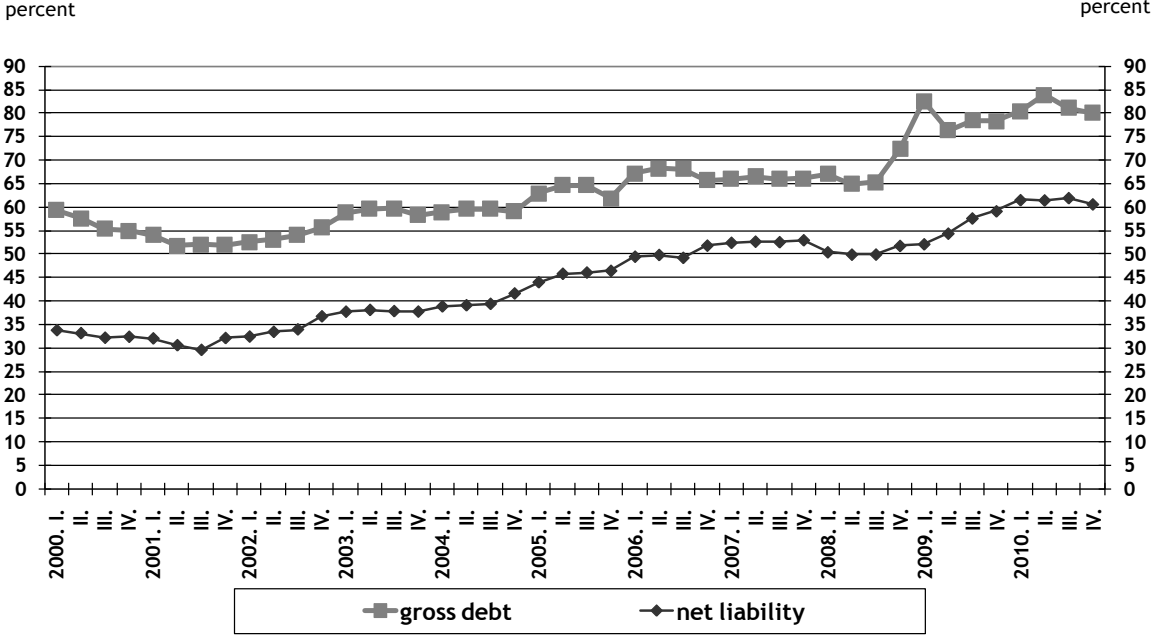
* 2010 Q4 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net borrowing amounted to HUF 1,277 billion or 4.7 per cent of Hungary's GDP in the four quarters to 2010 Q4. This amount also included the MNB's operating profit recorded as reinvested earnings. Excluding the MNB's operating profit, general government net borrowing, derived from the financial accounts, amounted to HUF 1,185 billion or 4.4 per cent of annual GDP.

In 2010 Q4, general government net borrowing (HUF 208 billion) was equal to 2.7 per cent of quarterly GDP.

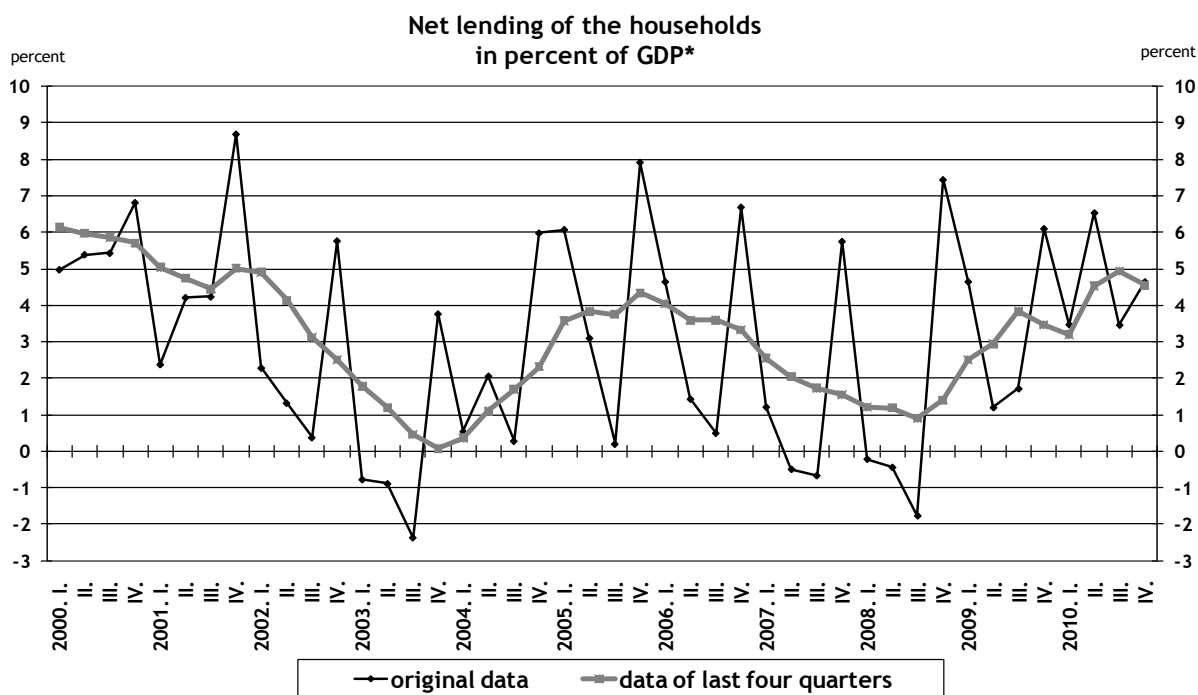
At the end of 2010 Q4, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 21,790 billion, equivalent to 80.1 per cent of GDP. General government net debt (HUF 16,497 billion) amounted to 60.6 per cent of GDP at the end of 2010 Q4.

**Maastricht debt and net liability of the general government*
in percent of GDP**



* The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.7). Net debt is equal to net financial worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign.

In 2010 Q4, the central government financed its borrowing requirement (HUF 208 billion) by reducing both its deposits and loans provided. The sub-sector's security liabilities fell significantly and its other assets and liabilities increased. Local government authorities financed their borrowing requirement (HUF 107 billion) mainly by reducing their deposits and increasing their loan liabilities. Their other liabilities fell significantly in the period. Net lending of social security funds (HUF 107 billion) reflected an increase in other assets and a decline in loans from the central government.



According to preliminary financial accounts data, household net lending (HUF 1,238 billion) was equivalent to 4.5 per cent of GDP in the four quarters to 2010 Q4. In 2010 Q4, household net lending (HUF 354 billion) amounted to 4.6 per cent of quarterly GDP. Redirecting private pension contribution payments to the state pension system in 2010 Q4 reduced household net lending by HUF 90 billion (and reduced general government net borrowing by the same amount).

On the assets side, households' holdings of deposits, securities issued by credit institutions and pension fund reserves increased significantly. In contrast, other assets fell sharply. On the liabilities side, there was an increase in forint loans and a notable fall in foreign currency loans. The sector's other liabilities rose significantly.

Preliminary financial accounts data are available on the MNB's website at: Statistics/Statistical Data and Information/Statistical Time Series/XI. Financial Accounts/Preliminary Financial Accounts of Households and General Government. The full set of financial accounts for the institutional sectors of the national economy for the period 2010 Q4 will be published on 1 April 2011.

Methodological notes

Tax and contribution payments on compensation of employees in January are recorded on an accrual basis in the financial accounts for the previous year. With the change to the personal income tax rate effective from 2011, the timing of irregular wage payments (bonuses and cash awards) may also have changed. February taxes and contributions on wages paid later than usual will be recorded in the financial accounts in 2011 Q1.

One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at www.mnb.hu.

References

[Data](#)

[Financial accounts manual](#)

[Methodological notes](#)

Availability: sajto@mnb.hu